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Federal Communications Commission
Office of Secretary

February 7, 1997

VIA COURIER

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Comments of Telco Communications Group, Inc. on Bell Atlantic's CEI Plan, CC Docket No. 96-128

Dear Mr. Caton:

Enclosed for filing please find an original and four (4) copies of the Comments of Telco Communications Group, Inc. on Bell Atlantic's CEI Plan, CC Docket No. 96-128. Also enclosed is an extra copy to be stamped and returned.

Please direct any questions you may have regarding this filing to the undersigned of this office.

Respectfully submitted,

Dana Frix
Pamela Arluk

Its Counsel

cc: Attached Service List
Natalie Marine-Street

172128.1

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List ABCDE

3000 K Street, N.W. ■ Suite 300
Washington, D.C. 20007-5116
(202)424-7500 ■ Telex 701131 ■ Facsimile (202)424-7643

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FEB 7 1997

Federal Communications Commission
Office of Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-128
	)	
The Bell Atlantic Telephone Companies Offer of Comparably Efficient Interconnection to Payphone Service Providers	)	

COMMENTS OF TELCO COMMUNICATIONS GROUP, INC. ON BELL ATLANTIC'S CEI PLAN

Pursuant to the Commission's January 8, 1997 Public Notice in the above-referenced proceeding, Telco Communications Group and its subsidiaries (including Long Distance Wholesale Club, Inc. and its Dial & Save subsidiaries, collectively "Telco") hereby submit these comments on Bell Atlantic's comparably efficient interconnection ("CEI") plan for payphone service providers, which was required by the Commission's Payphone Order.[1/]

Telco is an interexchange carrier that derives the bulk of its revenue through casual calling, and has been ordered by the FCC to compensate payphone service providers during the interim compensation period specified in the Payphone Order. Telco's comments illustrate that Bell Atlantic's CEI plan should be rejected as unacceptably vague and that the Commission should prohibit Bell Atlantic and other RBOCs from participating in the interim compensation scheme.

1/ Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, *Report and Order*, (rel. Sept 20, 1996) ("Payphone Order"), *Order on Reconsideration* (rel. Nov. 8, 1996) ("Reconsideration Order").

I. Bell Atlantic's CEI Plan Lacks the Detail and Specificity Required by the Commission's Payphone Order

The Payphone Order outlines elements required to be included in the RBOCs CEI plans.[2] The Commission required each RBOC to describe how it intends to comply with the CEI "equal access" parameters for the specific payphone service it intends to offer.[3] In addition, the CEI plan must explain how it will unbundle basic payphone service.[4] Bell Atlantic's CEI plan is insufficient to satisfy these two elements because it lacks any specificity -- merely stating that it will comply with the requirements, rather than explaining how it will comply.

For example, in complying with the CEI equal access parameter, Bell Atlantic must explain how it intends to provide interface functionality, unbundling of basic services, resale, technical characteristics, installation, maintenance and repair, end user access, CEI availability, minimization of transport costs, and availability to all interested customers or enhanced service providers.[5] Egregiously, rather than explaining how it intends to provide interface functionality, Bell Atlantic merely states that PSPs may connect their payphone CPE to Bell Atlantic's standard, publicly disclosed network interfaces.[6] Bell Atlantic provides no further explanation or meaningful detail regarding the technical requirements a PSP must meet to connect to the network interfaces, and provides absolutely no description of the interfaces. Similarly, with regard to

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[2] Payphone Order at ¶¶ 203-207.

[3] Payphone Order at ¶ 203.

[4] Payphone Order at ¶ 204.

[5] Payphone Order at ¶ 203.

[6] Bell Atlantic CEI Plan at 6.

resale, Bell Atlantic simply states that it will purchase all underlying basic services at tariffed rates and offer them in conjunction or combination with payphones on an unregulated basis.[7] Bell Atlantic, however, fails to provide any specificity as to what combinations will be offered for resale, whether resale will be offered on a nondiscriminatory basis, or what mechanisms will exist to enable competitors to ensure that resale obligations are being met. Moreover, Bell Atlantic's description of how it will provide installation, maintenance, and repair is unacceptably vague. Bell Atlantic states that unaffiliated PSPs will be able to report network service problems in the same manner as the affiliated PSPs, but then gives no further explanation as to what this procedure entails.[8] Bell Atlantic gives absolutely no explanation as to how installation orders will be processed and how maintenance will be completed. Given the absolute lack of detail, there can be no assurance that orders will, in fact, be processed in a manner consistent with CEI obligations.

Another area in which Bell Atlantic's plan is patently deficient is in its explanation of customer proprietary network information ("CPNI") requirements. Although the Payphone Order requires the BOCs to explain *how* it will comply with CPNI requirements, Bell Atlantic's plan only assures the Commission that it *will* comply with CPNI requirements.[9] Bell Atlantic provides no further detail as to how it will comply with these requirements, including how it will comply with the network information disclosure requirements.

7/ Bell Atlantic CEI Plan at 6.

8/ Bell Atlantic CEI Plan at 7.

9/ Bell Atlantic CEI Plan at 10.

The Commission must require Bell Atlantic to amend its plan to provide significantly greater specificity on all of the above issues. The Commission must not blindly accept vague representations that Bell Atlantic will comply with all of the required elements. The history of discrimination in the payphone industry warrants a meaningful evaluation of the CEI plan to ensure that Bell Atlantic will indeed provide payphone services in a nondiscriminatory manner and consistent with other Computer III and Open Network Architecture ("ONA") requirements.

II. The Commission Should Prohibit Bell Atlantic and Other RBOCs from Participating in the Interim Compensation Scheme

Apart from the numerous deficiencies in Bell Atlantic's CEI plan, the Commission should refrain from allowing Bell Atlantic or any RBOC to participate in the interim compensation scheme outlined in the Payphone Order. The Payphone Order provides that independent payphone owners are to receive $45.85 per payphone per month and requires interexchange carriers with 1995 revenues in excess of $100 Million to compensate payphone providers based on a percentage of their overall toll revenues.[10/] In its Reconsideration Order, the Commission implied that LECs might be eligible to receive this compensation upon elimination of subsidies and reclassification of payphone assets.[11/] In formulating this interim compensation scheme, however, the Commission failed to account for whether toll revenues have any relationship to a carrier's use of payphones. Thus, Telco (and possibly other interexchange carriers) is placed in a position of

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10/ Payphone Order at ¶ 125.

11/ Reconsideration Order at ¶ 131.

being required to compensate payphone providers during the interim period at a level much higher than (and unrelated to) its actual payphone use.

Telco derives the vast majority of its revenues through casual calling, which requires customers to dial one of Telco's five-digit carrier identification codes prior to placing direct dial long distance calls. To enable Telco to track and bill customers for direct dialed calls placed through these codes, when ordering originating access circuits from the LEC, Telco instructs the LEC to prohibit direct dialed 1+ or 0+ calls from payphones. It is, therefore, impossible for most customers to reach Telco's network through any payphone for direct dialed calls. In addition, Telco does not heavily market other services that allow dial-around calls to be made from payphones, such as 800 services or calling card services. Consequently, Telco receives an extraordinarily small percentage of calls from payphones, compared to carriers like MCI and AT&T which market heavily to the dial-around market. For example, during the month of November 1996, Telco received approximately 16,777 calls from *all* payphones, including both LEC-owned payphones and independent payphones, out of a total of more than 29 million calls using Telco's network --amounting to 0.057% (5 one-hundredths of one percent) of all calls received.[12/]

The Payphone Order, however, requires Telco to pay payphone providers a flat rate of $0.1467954 per payphone during this interim compensation period, regardless of whether Telco's

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[12/] This information was obtained by screening all November 1996 traffic on Information Digit "27," which is the industry standard to identify a call originating from a coin line.

use of payphone services warrant such compensation.[13] To illustrate the inequity of the current situation, when Telco's flat rate of $0.1467954 is multiplied by the approximately 350,000 independent payphones, Telco will be required to pay independent payphone providers approximately $51,378.39 per month. However, when the number of *all* payphone calls (both LEC-owned and independent) Telco received in November is multiplied by $0.35, Telco's obligation would be only approximately $5,871.95. Accordingly, Telco is already paying over $45,000 a month more than it should be paying considering its extremely limited use of payphone services.

Including the LEC-owned payphones in this compensation scheme would further exacerbate the already unfair burden being placed on Telco. If the Commission allowed LEC-owned payphones to be compensated $45.85 per month at the current interim compensation rate, Telco would be required to pay approximately an additional $220,193.10 per month to compensate the 1.5 million LEC-owned payphones. Telco would, therefore, be compensating payphone owners $271,571.49 a month. Divided by the 16,777 calls Telco received in November 1996, this means that Telco would pay more than $16.00 per call received from a pay telephone. As noted above, if Telco was only required to compensate payphone providers based on the number of calls it receives, instead of a percentage of its toll revenues, Telco would only pay approximately $5,871.95 per month, instead of $271,571.49 a month -- a difference of over $1.5 million for the period between April 15, 1997 and November 1, 1997.

13/ *See* Payphone Order at Appendix F.

This would result in a patently irrational and unconscionable scheme in which Telco would be compensating payphone owners thousands of times over for the amount of services it is actually using. Such a scheme plainly would be contrary to the public interest and would violate the underlying intent of the Telecommunications Act of 1996 requiring "fair" compensation for payphone providers. Pursuant to the Payphone Order, in November 1997, the interim compensation method will be replaced by a per-call method[14/] in which carriers will pay payphone owners based on the number of calls they receive, rather than a portion of their toll revenues which, as illustrated by Telco, bear no reasonable relation to the number of payphone calls the carrier actually receives. Accordingly, RBOCs such as Bell Atlantic should not be permitted to participate in the flat rate compensation scheme that already imposes an unfair burden on carriers such as Telco to compensate for payphone calls that are simply not being made.

14/ Payphone Order at ¶ 99.

CONCLUSION

The Commission should reject Bell Atlantic's CEI plan as failing to provide sufficient specificity as to how it will comply with the elements required to provide payphone services in a nondiscriminatory manner and consistent with Computer III and ONA requirements. Bell Atlantic must be required to refile its plan with greater detail and specificity. Moreover, the Commission should prohibit Bell Atlantic and other RBOCs from participating in the interim compensation scheme specified by the Payphone Order as being contrary to the public interest and in violation of the underlying intent of the Telecommunications Act of 1996.

Respectfully submitted,

Dana Frix
Pamela Arluk
SWIDLER & BERLIN, CHARTERED
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 424-7500

Counsel for Telco Communications
Group, Inc. and its subsidiaries

February 7, 1997

181342.1

CERTIFICATE OF SERVICE

I, Jeannine Allen, hereby certify that on this 7th day of February, 1997, copies of the foregoing **Comments of Telco Communications Group, Inc. on Bell Atlantic's CEI Plan, CC Docket No. 96-128**, were served on the following parties via first-class mail, postage prepaid (indicated by asterisk), or via hand-delivery.

Janice Myles
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

International Transcription Service, Inc.
1919 M Street, N.W., Room 246
Washington, D.C. 20554

*Cecelia T. Roudiez / Lawrence W. Katz
Bell Atlantic Telephone Companies
1320 North Court House Road
Arlington, Virginia 22201

*Albert H. Kramer / Robert F. Aldrich /
David M. Janas
Dickstein Shapiro Morin & Oshinsky LLP
2101 L Street, N.W.
Washington, D.C. 20037-1526

*Mark C. Rosenblum / Ava B. Kleinman /
Seth S. Gross
AT&T Corp.
Room 3252J1
295 North Maple Avenue
Basking Ridge, New Jersey 07920

Jeannine Allen